

VAT reforms not so easy: Muhith

STAR BUSINESS REPORT
Inadequate records and a lack of changes in business system prevent the country from preparing ideal value added tax laws, Finance Minister AMA Muhith said yesterday.
"It's not an easy task to establish an ideal VAT system. It will take time," he said.
The minister was speaking at a meeting on the draft 'VAT Act 2011' at the Institute of Diploma Engineers, Bangladesh, in the city.
The National Board of Revenue (NBR) organised the programme presided over by its Chairman Nasiruddin Ahmed.
Muhith said the country's VAT

laws have become complex in the last 20 years. "So, we have taken steps to reform these."
He said the draft VAT Act has a good number of features. "There is less uncertainty in it. The number of discretionary jurisdictions is also less."
The minister defended discretionary jurisdictions of the tax administration. "We have to keep the discretionary jurisdictions in place when the whole system is immature."
"Thanks to 20 years' of experience, we can still cut down the number of discretionary jurisdictions and turn them into laws."
The minister said more consultations between NBR and taxpay-

ers should take place for making the draft laws widely accepted.
Muhith said: "We do not have records and changes in business system needed for establishing an ideal VAT system. Our neighbouring country is trying to have one, but they have also said that it is unlikely that they will be able to prepare an ideal one."
Md Jahangir Hossain Howlader, commissioner of Large Taxpayer Unit of VAT Wing, in his presentation, said the country's VAT system is old-fashioned and outdated, and not in line with the global practices.
"The laws are not structured. It is inefficient in generating revenues. As a result, our growth

in tax collection is the lowest in the region," he said.
He said the proposed laws, which once enacted will replace the VAT laws of 1991, would modernise the tax administration and make the system tax-friendly.
Saiful Islam Khan, a former member of NBR, said a number of distortions have been incorporated into the VAT laws since its inception.
"Most of the country's businessmen do not maintain their records properly. Although 20 years have passed since the laws were enacted, our field level situation has not changed."
"Enacting laws will not yield anything. The capability to

implement is also an important issue. The laws should be enacted considering the country's business and socio-economic realities," he said.
He said the efficiency of the tax officials has gone down. "The level of lack of knowledge of people working at the field levels is really shameful. They have not been provided with proper training."
Businessmen pointed to a number of proposals in the draft VAT laws, which, they said, should be sorted out before finalisation.
President of the Federation of Bangladesh Chambers of Commerce and Industry (FCCI) Abul Kalam Azad and NBR Member Md Abdul Mannan Patwary



NAVANA
Nadeem A Chaudhury, managing director of Navana Pharmaceuticals, a concern of Islam Group, addresses the company's annual sales conference 2010 at Bangabandhu International Conference Centre in Dhaka recently.

Dhaka Taxes Bar Assoc's new top brass

STAR BUSINESS DESK

Ramizuddin Ahmed has been elected president of Dhaka Taxes Bar Association, says a statement yesterday.
The body's election for 2011-12 was held on February 28 where Md Firoz Alam was elected as general secretary.
Twenty-two other members of the association were also elected on the day and they are sched-



Ramizuddin Ahmed

Spain's savings banks race to find funds

AFP, Madrid

Spain's ailing regional savings banks are scrambling to raise billions of euros of fresh funds to meet strict new capital requirements by a Thursday deadline.
The country's 17 savings banks, known as "cajas," are weighed down by loans that turned sour after the collapse of a housing bubble in 2008 and are at the heart of fears the country could need an Irish-style international rescue.
Last month the government approved stricter rules on the amount of rock-solid core capital that banks must hold on their balance sheets, seeking to shore up confidence in the battered economy.
Under the new rules, savings banks must raise the proportion of core capital they hold to 8.0 percent of total assets from the current six percent, or 10.0 percent if they are unlisted.
The Bank of Spain will determine Thursday which savings banks have met the new core capital requirements and in the case of those that have fallen short, how much capital they need to raise to meet the new requirements.
Up to 11 of Spain's 17 regional savings banks will need additional capital to reach the levels of solvency set by the government, the ratings agency

Brazil at heart of Google's LatAm strategy

REUTERS, Buenos Aires

Brazil is on the way to becoming Google Inc's sixth-largest global market, Chief Executive Eric Schmidt said on Friday as the company opens new offices in the fast-growing Latin American region.
The world's No. 1 Internet search company saw its revenue in the region surge last year on the back of brisk economic growth, with countries showing growth of 50 percent to 100 percent last year.
"That means you're almost doubling (revenue) every year," Schmidt told Reuters in the company's offices in Buenos Aires. "That's a lot due to the effect of the economic recovery from a global recession, but also to the development of broadband and the development of the electronic commerce."
Schmidt will be replaced as CEO in April by Google co-founder Larry Page, a move to make the company more nimble at a time when competition

Pran strengthens foothold in UAE

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Pran, one of Bangladesh's leading processed food and beverage companies, signed an agreement yesterday with Jaleel Holdings LLC of Dubai at its corporate headquarters in Dhaka for distribution of its products at chain shops in the United Arab Emirates.
Based on the agreement, Jaleel Holdings LLC will distribute Pran products worth 20 lakh dirham (around Tk 39 crore) a month to different global chain shops such as Carrefour, Safear, Manama, Lulu, KM Trading, AlMadina Supermarket in the Gulf state.
The products are juices and drinks, chana-chur, jhalmuri, crackers, powdered spices, mustard oil, pickles, jam, jelly and snacks.
Hasan Mahbub, managing director of Pran Foods Ltd, UAE, and Sameer K Mohamed, managing director of Jaleel Holdings LLC, Dubai, signed the agreement.
Pran exports its agro-processed foods and drinks to nearly 70 countries, including USA, UK, Sweden, Cyprus, Australia, Malaysia, Italy, Germany, South Korea and some Middle Eastern, East and West African countries.



UNITREND
Rahimafrooz Group Deputy Managing Director Mohammed Ismail inaugurates the customer care centre of Rahimafrooz IPS at Uttara in Dhaka recently. Group Managing Director Feroz Rahim was also present.



STAR
Muhammad Abdur Razaque, food and disaster management minister, and Amjad Khan Chowdhury, president of Metropolitan Chamber of Commerce and Industry (MCCI), attend a discussion, jointly organised by MCCI and Food and Agriculture Organisation, at the chamber's conference hall in Dhaka yesterday. (Story on B1)

Western Marine to employ Libya-returnees

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Western Marine Shipyard has taken initiatives to provide employment to workers returning from trouble-hit Libya, the company said in a statement yesterday.
Workers skilled in welding, fitting, electric works, carpeting and painting are asked to communicate with the shipbuilder. They will be employed in Western Marine and its sister organisations.
"Western Marine took the initiative as many of the returnees will face unemployment and financial uncertainties," said the shipbuilder's Managing Director Shawakat Hussain.
Also, Western Maritime Training Institute will organise trainings for semi-skilled and unskilled workers, said Western Marine Chairman Saiful Islam.
Interested persons are requested to contact its office at House Building Finance Corporation Bahaban, 1/D, Agrabad C/A, Chittagong from Saturday to Thursday. They can also call to 031-712177,

TCB up for record import

BSS, Sangsad Bhaban

Trading Corporation of Bangladesh (TCB) will import essential goods of around Tk 2,500 crore this year, the highest ever, to stabilise the market in the country.
Commerce Minister Faruk Khan said this in response to a question from treasury bench member Nurul Islam Bsc during a question-answer session in the House yesterday.
Khan said the government had imported goods worth Tk 47.20 crore in 2009-10 and Tk 6.14 crore in 2008-09.
He said the storage capacity of food was 32,660 tonnes in 2010-11, and steps has been taken to increase the capacity to 74,460 tonnes by 2011-12.
Replying to a question from BNP lawmaker ABM Ashraf Uddin Nizan, the minister said the price of coarse rice has increased by 31.48 percent this year while that of flour has by 47.83 percent.
He said the government is making its relentless efforts to keep the price of essentials within the purchasing capacity of commoners, as it was one of its election pledges.
Khan said international food market is in a volatile situation as production sharply decreased in many food-producing countries because of natural calamities.
Despite that, he added, the government has taken all initiatives to increase food production and import to build up a sufficient food-stock in the country to keep the market stable.
Besides, the minister said, the government has moved to unload important foodstuff as soon as possible in all ports and work closely with trade bodies to keep the food price lower.
Replying to a question from independent member Mohammad Fazlul Azim, the minister said the government is not involved in any business as it pursues a free-market economy.

Buying pressure drives stocks up

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Stocks gained yesterday as investors went into heavy buying following a declaration of floating a Tk 5,000 crore fund by the Investment Corporation of Bangladesh (ICB).
The benchmark general index of Dhaka Stock Exchange (DGEN) advanced by 108 points, or 1.9 percent, to close at 5,536 points, while the selective price index of Chittagong Stock Exchange gained 218 points, or 2.2 percent, to close at 10,119 points.
ICB formed a 'Bangladesh Fund' of Tk 5,000 crore and it is an open-ended mutual fund.
The government asked the ICB to form the fund as institutional investors faced a credit crunch and a resultant lack of confidence.
meeting of ICB with the seven state owned companies on the day boosted the investors' confidence, said a stockbroker.
Insiders said investors regained their confidence to an extent and went for big buying of shares as the state-owned ICB also went on a buying spree to stabilise the market on the day.
Some of the big stockbrokers encouraged the investors to go for buying, assuring the market would become stable soon, insiders added.
The DGEN has been experiencing extreme volatility for the past couple of months due to low confidence of investors and a general liquidity crunch, said a

leading stockbroker.
Market turnover and volume level declined drastically. Dhaka stocks were lost more than Tk 1 trillion of market capitalisation since January 1. The situation is expected to improve if turnover and volume level rise, he added.
Most of the merchant banks also bought shares when the market was in the red zone, said a leading merchant banker.
Most shares of all major sectors such as banks, non-bank financial institutes, fuel and power, insurers, pharmaceuticals and chemicals and textile gained.
Grameenphone, a heavy weight, pulled the market on the day, gaining by 4.08 percent.
Of the total 252 issues traded on Sunday on the DSE floor, 212 advanced, 37 declined and three remained unchanged.
The daily turnover at the DSE stood at Tk 564 crore, up by Tk 61.23 crore from that of the previous day.
Beximco topped the turnover leaders with 17.47 lakh shares worth Tk 46.37 crore traded on the day.
The other turnover leaders were Bextex, Prime Finance and Investment, Bay Leasing and Investment, Makson Spinning Mills, People's Leasing and Financial Services, United Airways, Aftab Automobiles, Shineplukur Ceramics and Grameenphone.
BD Welding Electrodes was the biggest gainer of the day, posting 11.32 percent rise in its share price, while the Lanka Bangla Finance was the worst loser, slumping 29.97 percent.



SIBL
Social Islami Bank Ltd (SIBL) awarded 77 exporter companies for their contribution to the national economy at Bangabandhu International Conference Centre in Dhaka on Saturday. Sultan Mahmood Chowdhury, SIBL chairman, handed over the awards where Muhammad Ali, managing director, was also present.



PRAN-RFL
Hasan Mahbub, managing director of Pran Foods Ltd, UAE, and Sameer K Mohamed, managing director of Jaleel Holdings LLC, Dubai, signed a deal at Pran-RFL Centre in Dhaka yesterday. Jaleel Holdings will distribute around Tk 39 crore Pran products a month to different global chain-shops in UAE.